

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 AID-05 DODE-00 PM-04 H-02 L-03 NSC-05

PA-01 PRS-01 SP-02 SS-15 USIA-06 /076 W

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R 201452Z APR 76

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 7999

INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS

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E.O. 11652: NA

TAGS: EAID NL

SUBJECT: DUTCH AID - IF THEY'VE GOT IT, WHY DON'T THEY SPEND IT?

1. WITH THE LONG KNIVES FLASHING IN THE HAGUE AS MINISTRIES STRIVE TO BRING THEIR BUDGETS FOR 1977 IN LINE WITH THE ONE PERCENT LIMIT ON GROWTH AGREED BY THE CABINET, THE MINISTRY FOR DEVELOPMENT COOPERATION HAS BEEN DISCOMFITED BY THE DISCLOSURE THAT IT HAS BEEN UNABLE TO SPEND 1.2 BILLION GUILDERS FROM PREVIOUS YEARS APPROPRIATIONS (ONE DOLLAR EQUALS 2.69 GUILDERS).

2. THE REVELATION OF WHAT THE PRESS IS CALLING MINISTER PRONK'S "NEST EGG" HAS CALLED INTO QUESTION THE LONG ESTABLISHED GOVERNMENT POLICY THAT THE DEVELOPMENT BUDGET BE EXEMPT FROM ANY ECONOMIES THAT THE ECONOMIC SITUATION OF THE COUNTRY MIGHT OCCASIONALLY NECESSITATE IN GOVERNMENT SPENDING. EVEN FINANCE MINISTER DUSENBERG HAS ENDORSED A SUGGESTION BY THE CONFESSIONAL PARTIES IN THE COALITION THAT PRONK CONTRIBUTE HIS SHARE TO THE CABINET'S ECONOMY PROGRAM.

3. RALLYING TO PRONK'S SUPPORT, THE LABOR PARTY'S

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NATIONAL EXECUTIVE COUNCIL HAS REJECTED THIS PROPOSAL,
AND SO HAVE THREE PRIVATE AID ORGANIZATIONS IN AN OPEN

LETTER TO PRIME MINISTER DEN UYL. THE LETTER POINTS OUT THAT, WHILE THE GOVERNMENT HAS COMMITTED ITSELF TO DEVOTE 1.5 PERCENT OF NET NATIONAL PRODUCT TO DEVELOPMENT COOPERATION IN 1976, OFFICIAL DEVELOPMENT ASSISTANCE AMOUNTS TO NOT MORE THAN 0.75 TO 0.85 PERCENT, PLACING THE NETHERLANDS ONLY FRACTIONALLY ABOVE THE 0.7 PERCENT TARGET SET BY THE UN. NOTING THAT OTHER MINISTRIES ARE TRYING TO UNLOAD ITEMS FROM THEIR BUDGET ONTO THE OVERSEAS DID SECTOR OF THE DEVELOPMENT MINISTRY'S BUDGET (SUCH AS CERTAIN EXPENDITURES FOR THE RECEPTION OF IMMIGRANTS FROM SURINAM), THE THREE PRIVATE GROUPS URGED THE GOVERNMENT TO MAINTAIN THE QUANTITATIVE AID TARGET.

4. COMMENT: THE DEVELOPMENT COOPERATION MINISTRY IS EXPERIENCING THE NOT UNCOMMON PROBLEM OF HAVING UNEXPENDED FUNDS IN THE PIPELINE. THE FUNDS ARE LARGE BECAUSE OF THE PERCENTAGE THAT HAS BEEN ALLOCATED TO AID IN THE LAST FEW YEARS AND BECAUSE OF THE NORMAL LAG BEFORE BENEFICIARY COUNTRIES CAN ORGANIZE THE PROJECTS ON WHICH THE FUNDS ARE TO BE SPENT.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT BUDGET, REPORTS, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 20 APR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976THEHA02126
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760149-1121
From: THE HAGUE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760441/aaaabjbu.tel
Line Count: 82
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags:
Review Date: 05 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 APR 2004 by ShawDG>; APPROVED <27 JUL 2004 by BoyleJA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DUTCH AID - IF THEY'VE GOT IT, WHY DON'T THEY SPEND IT?
TAGS: EAID, NL
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006